

# FISCAL NOTE

## SB 224 - HB 338

February 14, 2005

**SUMMARY OF BILL:** Amends the retirement law by increasing the benefit improvement from 5% up to 10% effective January 1, 2006 provided the TCRS Board of Trustees determines that the recommended employer contribution rate for teachers is less than the rate in effect on June 30, 2005.

### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$9,092,000 - \$45,460,000 Annual  
Amortized Cost**

**Increase Local Govt. Expenditures - \$6,061,400 - \$30,307,000 Annual  
Amortized Cost\***

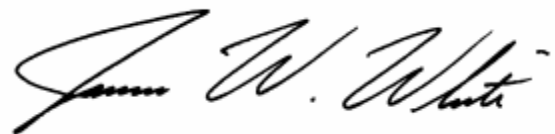
#### Assumptions:

- Total lump sum pension liability of \$155,481,640 - \$777,408,200
- A range is shown since the percentage increase is to be phased in through equal one percent increments over a 5-year period.
- Annual amortization cost assumes a 20-year lump sum liability.
- K-12 teachers assume a 60%-40% ratio between state and local funding.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director